



Earnings Presentation

1H 2023

9 August, 2023



1H 2023 Performance Highlights & Strategy

Khaled Al-Khattaf, CEO



1H 2023 Performance Highlights

The company's forward-thinking realignment efforts have yielded notable benefits, as evident in 1H 2023 performance

Key 1H 2023 Developments

R&D and Operations	New product registrations Registered in 1H23 55 SKUs	Manufacturing Production volume vs. 1H22 +43%	Productivity Rebalanced facility utilization, improved manufacturing efficiency ▲
Market and Commercial	Private market share¹ unchanged vs. Dec-22 7.5%	Sales Improved client mix, sales growth across key channels ▲	Cash Conversion Cycle -12% vs. 2Q22 LTM 295 days
Financials	Revenue +34% vs. 1H22 941 SAR mn	Gross Profit Margin +3.1 pts vs. 1H22 46.8%	Net Profit vs. 21 SAR mn loss in 1H22 79 SAR mn



Source: IQVIA SCIM Molecule Quarterly Data June 2023, Company financials, Management calculations

¹ Moving Annual Total (MAT) for the period from July 2022 to June 2023 compared to MAT for the period from January 2022 to December 2022.

SPIMACO – the National Champion in the Saudi Pharma Industry

Strategy execution roadmap and strategic targets by 2027

Key Targets and Focus Areas

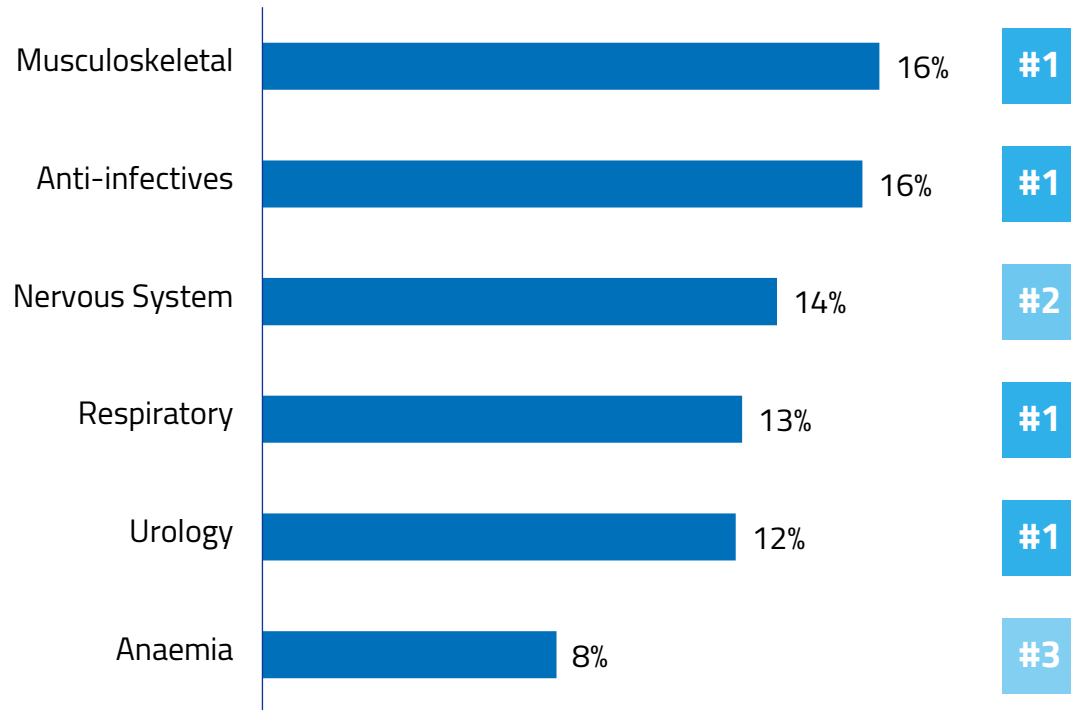


SPIMACO is KSA Private Market Leader

The company holds leading positions in key therapeutic areas, showcasing its dedication to healthcare advancement

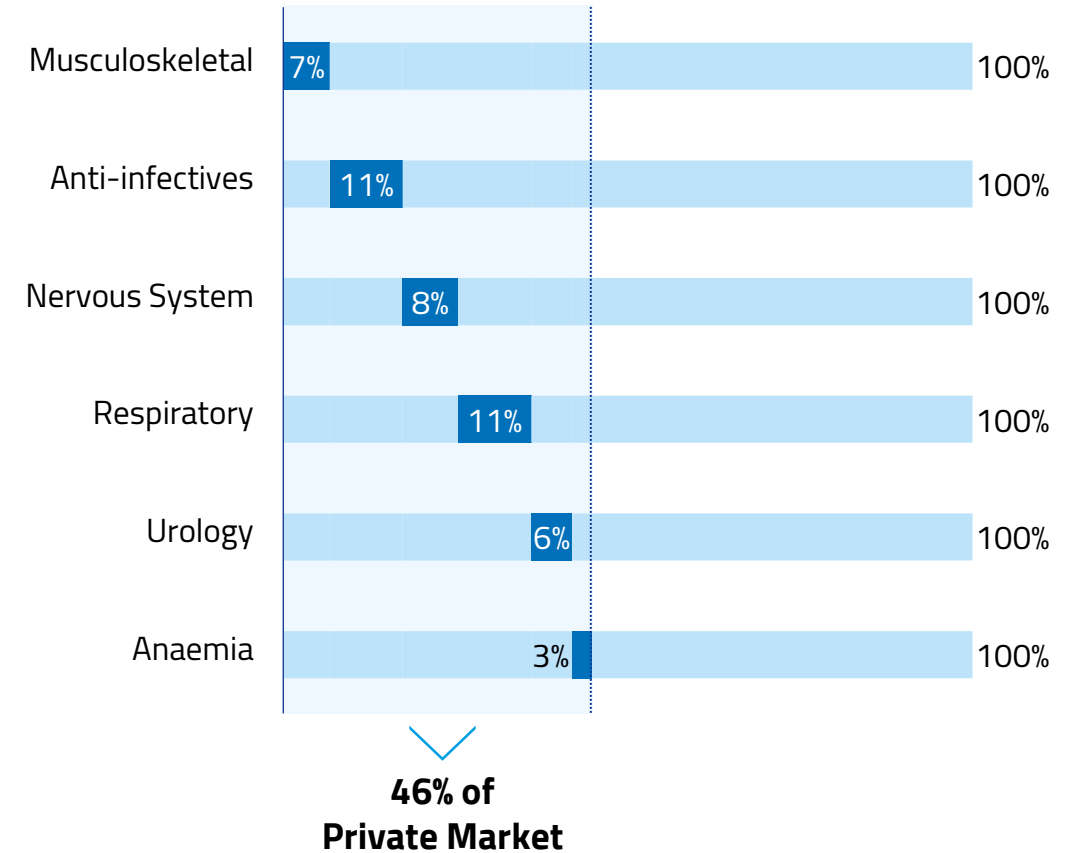
SPIMACO's Private Market Share and Rank¹

(Company's Private Market Share in %, Rank)



Therapeutic Area Share of Private Market¹

(Therapeutic Area Share of Private Market in %)



Source: IQVIA SCIM Molecule Quarterly Data Jul 2023

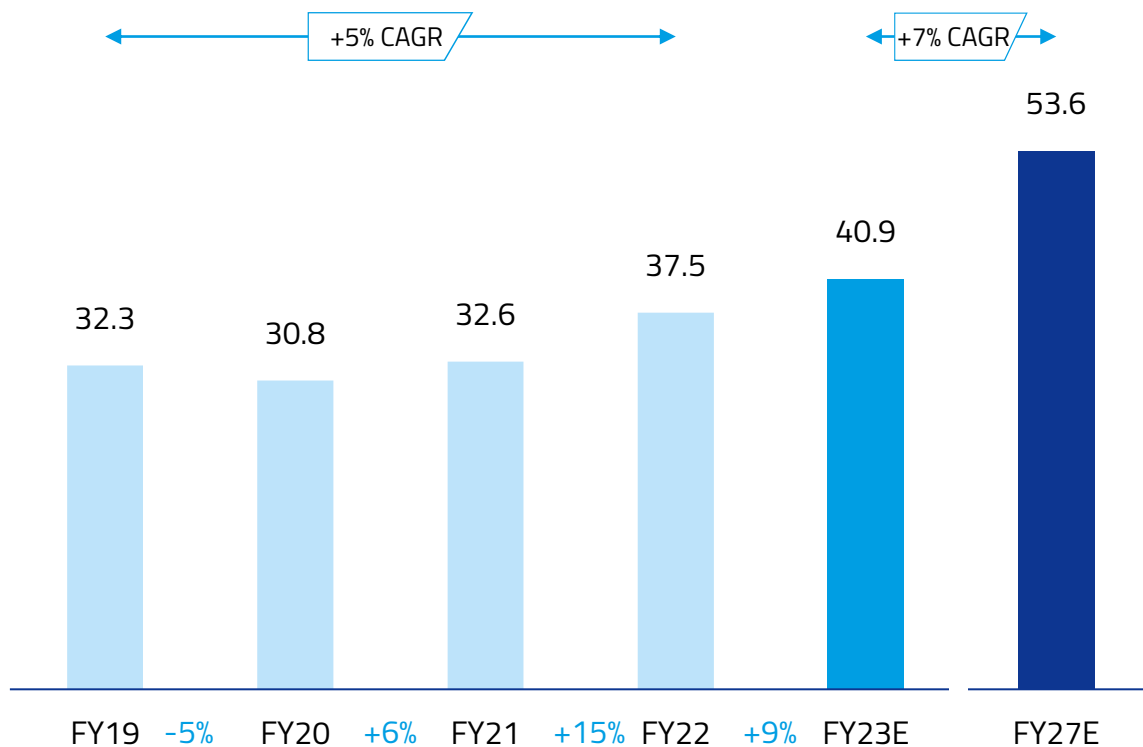
¹ Moving Annual Total, July 2022 – June 2023

Saudi Arabia Market Opportunity

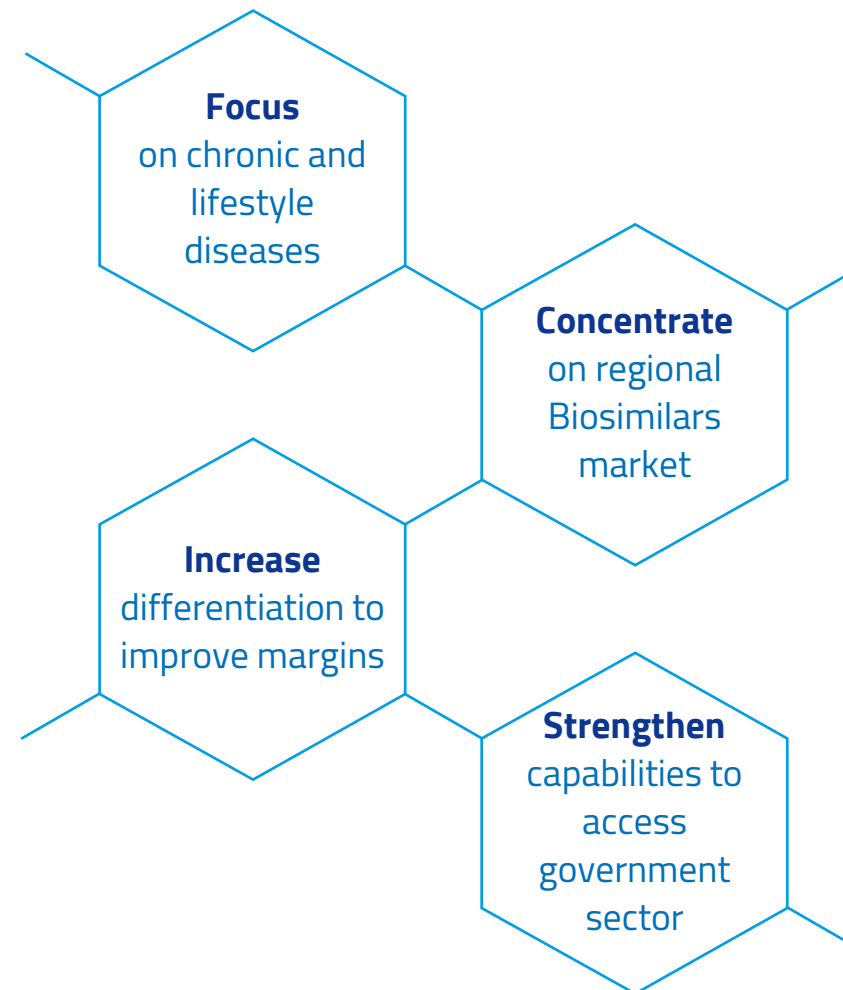
KSA market is supported by local demographics and therapeutic trends, government incentives and strong macro

Gross Market Size

Value Sales (SAR bn)



How Do We Play the Trends in KSA?



Source: IQVIA Market Prognosis 2023–27 (May 2023)

Local currency in USD converted to SAR at SAR 3.75 exchange rate

1H 2023 Financial Performance

Michael Baum, CFO



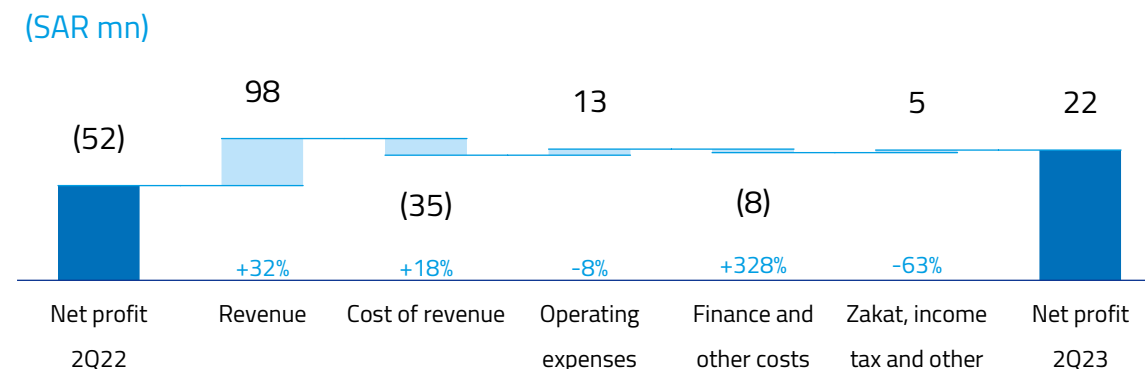
P&L Trends: 2Q and 1H 2023

Profitability in 1H 2023 was supported by accelerated revenue growth outpacing costs expansion

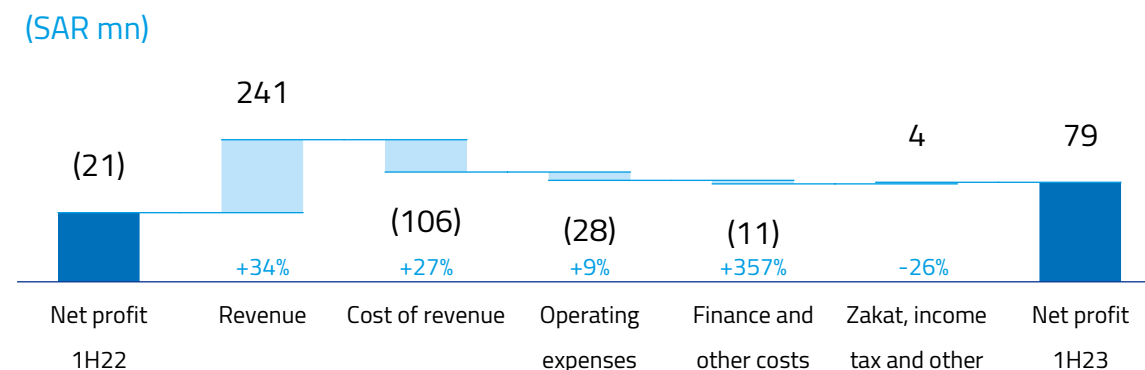
P&L Highlights

SAR mn	2Q2023	2Q2022	Δ%	1H2023	1H2022	Δ%
Revenue	409	311	+32%	941	700	+34%
Cost of revenue	(225)	(190)	+18%	(500)	(394)	+27%
Gross profit	183	120	+53%	440	306	+44%
Total operating expenses	(148)	(161)	-8%	(336)	(308)	+9%
Operating profit (EBIT)	35	(41)	NA	105	(2)	NA
EBITDA	56	(18)	NA	146	44	+235%
Net profit	22	(52)	NA	79	(21)	NA
Gross Profit Margin	44.9%	38.7%	+6.2%	46.8%	43.7%	+3.1%
EBIT Margin	8.6%	-13.2%	+21.8%	11.1%	-0.3%	+11.4%
EBITDA Margin	13.6%	-5.9%	+19.5%	15.5%	6.2%	+9.3%
Net profit Margin	5.4%	-16.7%	+22.0%	8.4%	-3.0%	+11.4%
ROAE	5.0%	-10.6%	+15.6%	9.1%	-2.2%	+11.3%
ROAA	2.1%	-4.6%	+6.6%	3.9%	-0.9%	+4.9%

Net Profit Development (2Q23)



Net Profit Development (1H23)

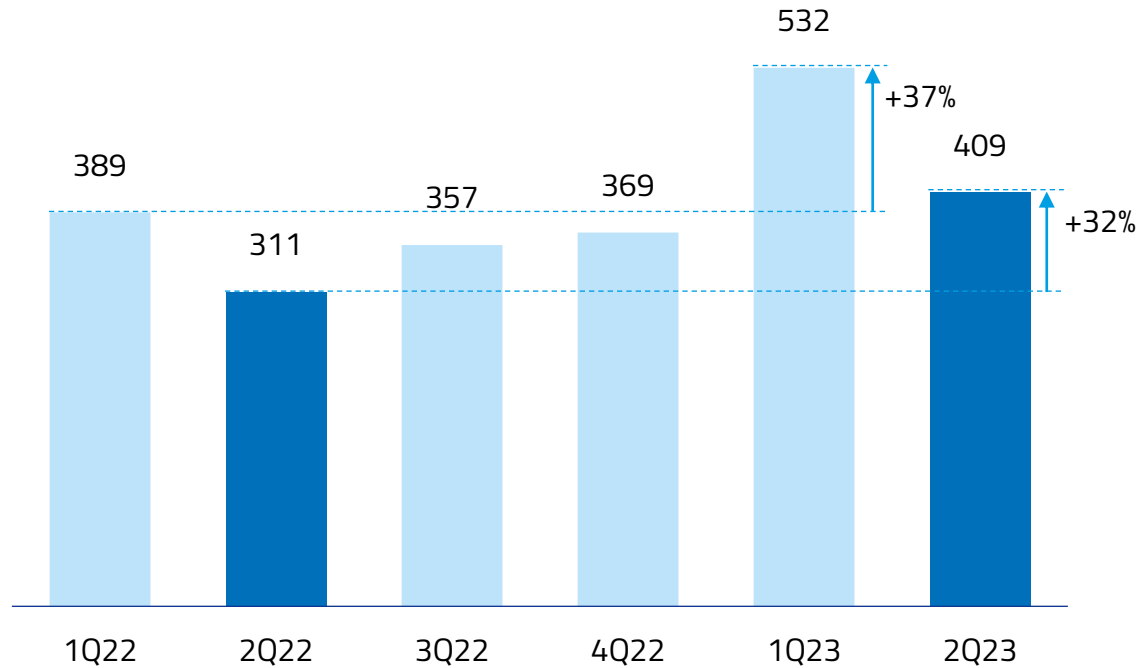


Revenue: Quarterly Development and Seasonality

1H 2023 revenue was supported by the structural transformation results visible in both quarters

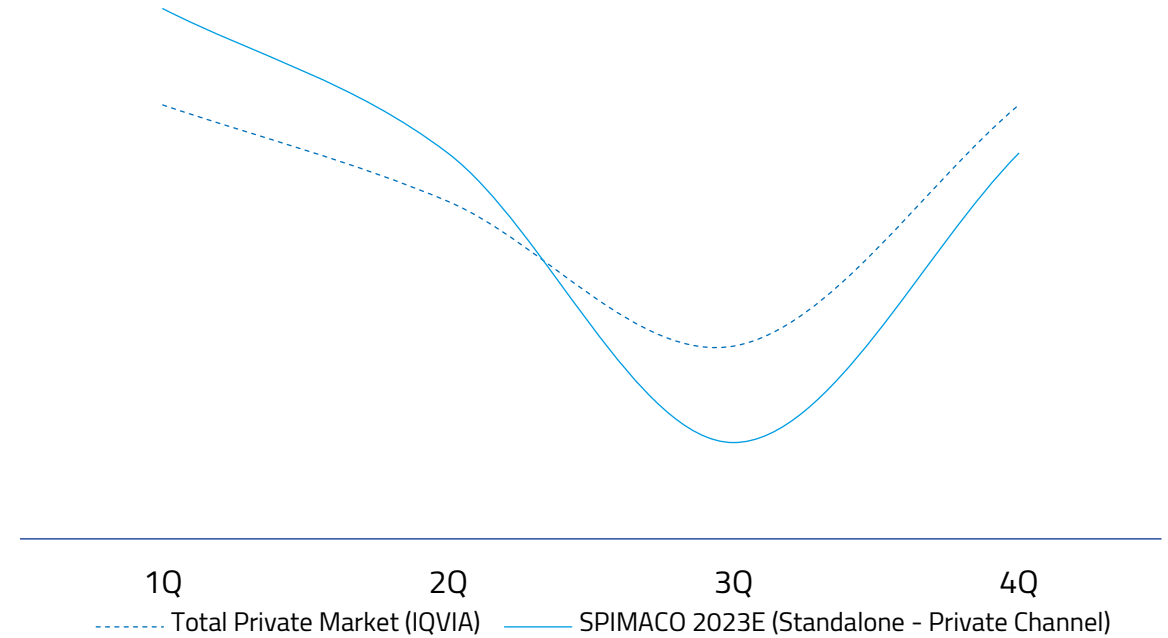
Revenue Development, Quarterly

(SAR mn)



Market Revenue Seasonality (2019-2022)

(% of annual Revenue)



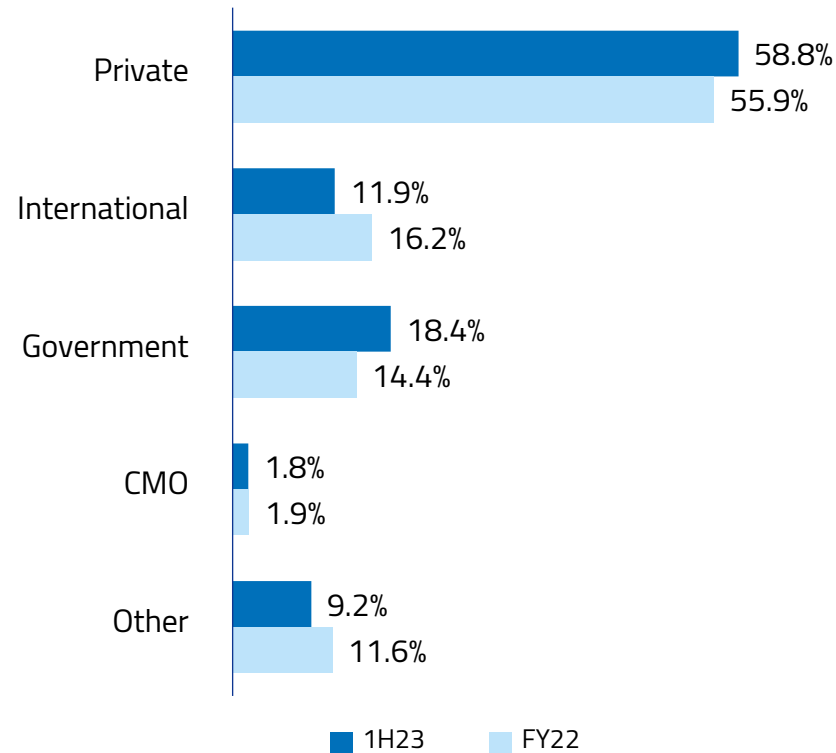
Source: Company financials, IQVIA Data

Revenue: Pharma Revenue¹ by Channel

Private and Government channels were the key contributors to pharma revenue in 1H 2023

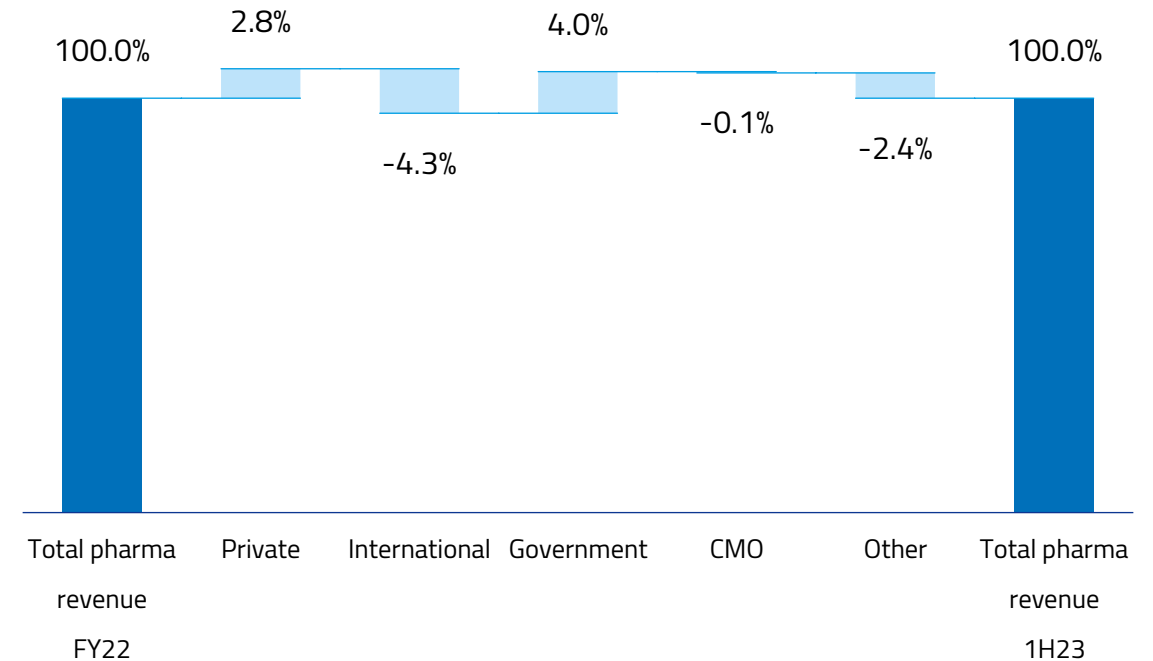
Revenue by Channel²

(%)



Revenue by Channel Development²

(SAR mn)



Source: Company financials, Management calculations

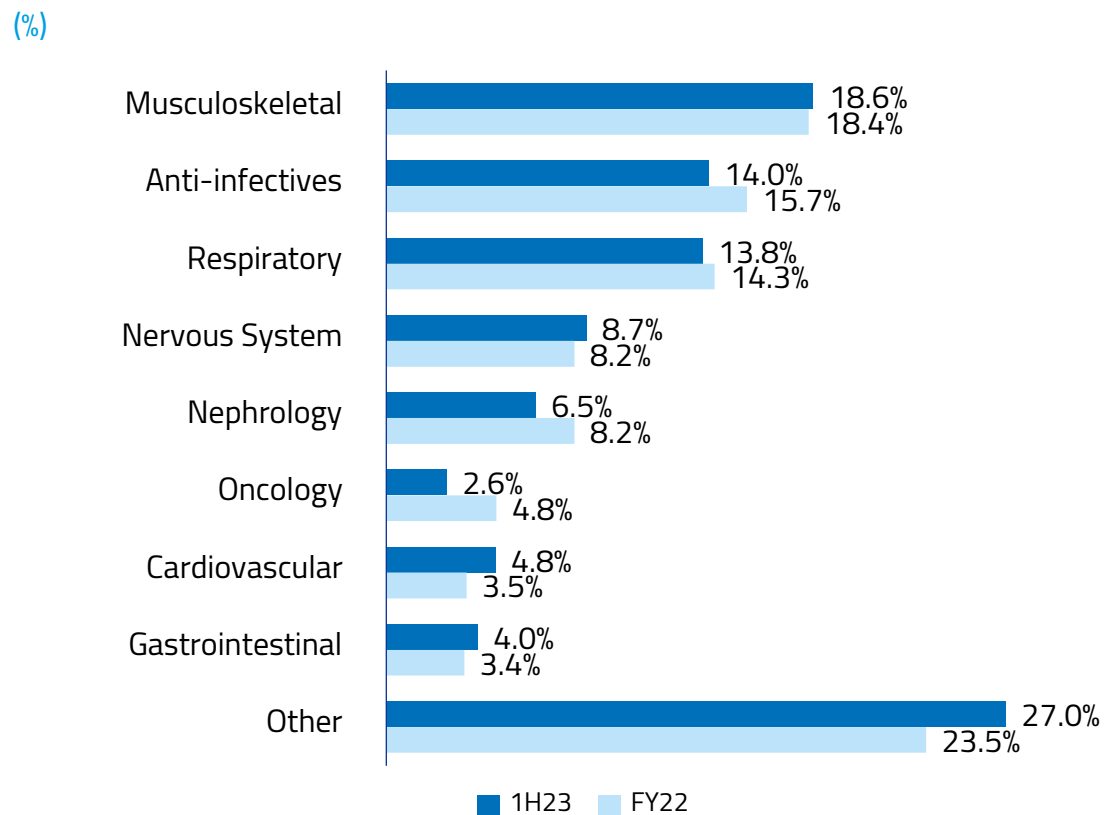
¹ Non-IFRS measure. Pharma revenue excludes other types of revenue such as revenue from hospital business, etc. Pharma revenue represents 84.7% of Total revenue in 1H23 (86.4% in FY22).

² Based on Pharma revenue.

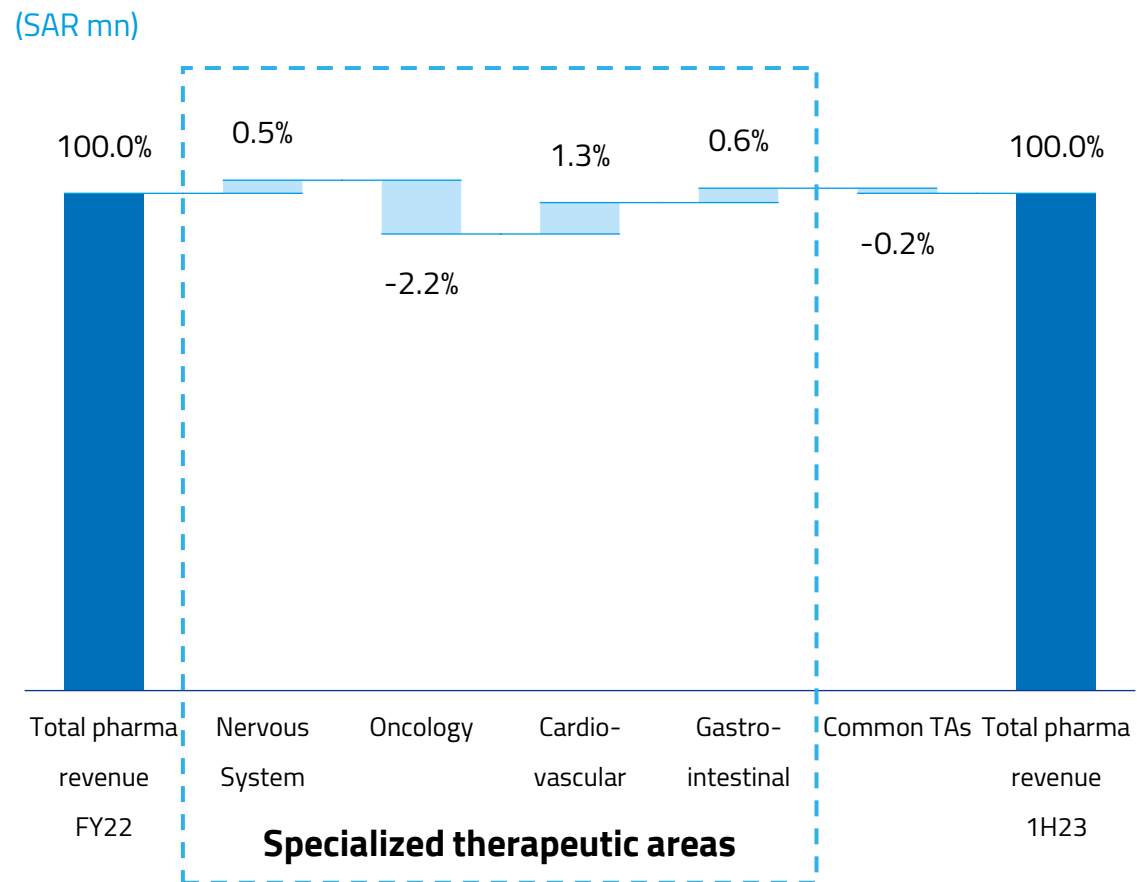
Revenue: Therapeutic Area Mix

Portfolio refocusing efforts resulted in higher contribution of specialized therapeutic areas products

Revenue by Therapeutic Area¹



Revenue by Therapeutic Area Development¹



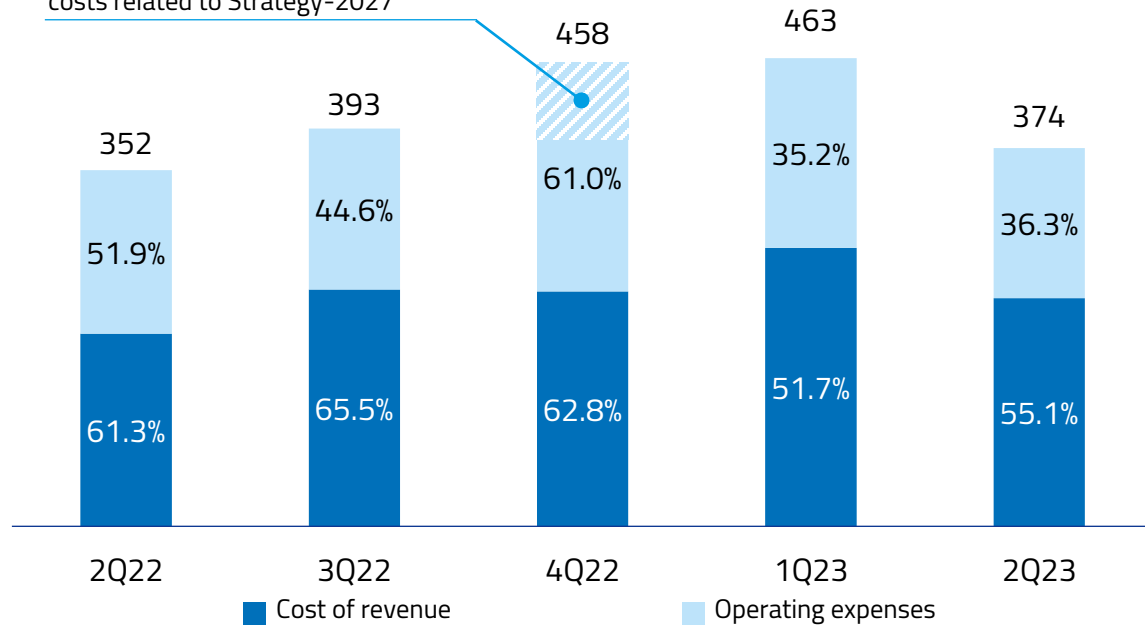
Cost of Revenue and Operating Costs Trends

19% year-on-year increase in total expenses in 1H23 driven primarily by the cost of revenue

Total Expenses (Cost of Revenue + Operating Expenses)

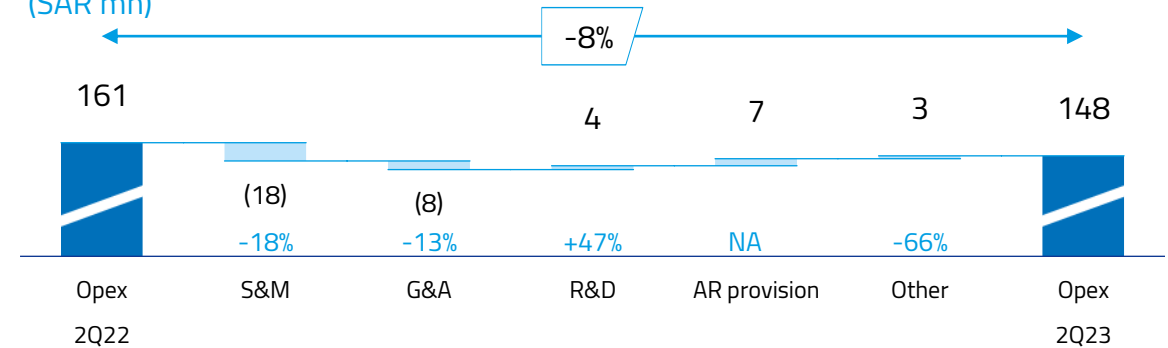
(SAR mn, % of Revenue)

Higher operating expenses due to structural upgrade and transformation costs related to Strategy-2027



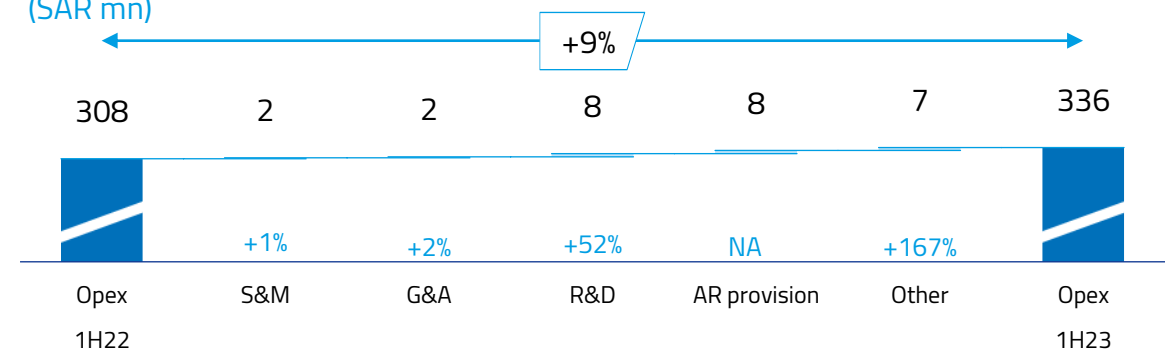
Operating Expenses Development (2Q23)

(SAR mn)



Operating Expenses Development (1H23)

(SAR mn)



Balance Sheet Trends

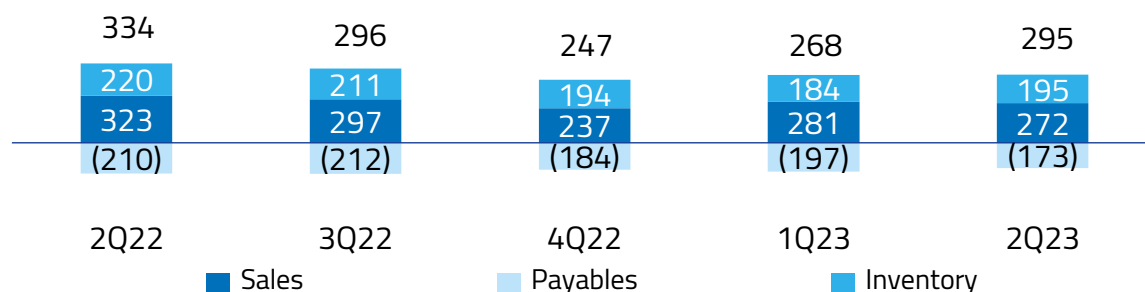
Balance Sheet remained solid in 2Q23, cash conversion cycle improving year-on-year

Balance Sheet Highlights

SAR mn	2Q 2023	4Q 2022	Δ%	2Q 2022	Δ%
Total Non-Current Assets	1,951	1,951	-0%	1,946	+0%
Total Current Assets	2,254	1,880	+20%	2,591	-13%
Total Assets	4,206	3,832	+10%	4,540	-7%
Total Equity	1,761	1,693	+4%	1,892	-7%
Total Non-Current Liabilities	1,121	790	+42%	791	+42%
Total Current Liabilities	1,324	1,349	-2%	1,856	-29%
Total Liabilities	2,445	2,139	+14%	2,648	-8%

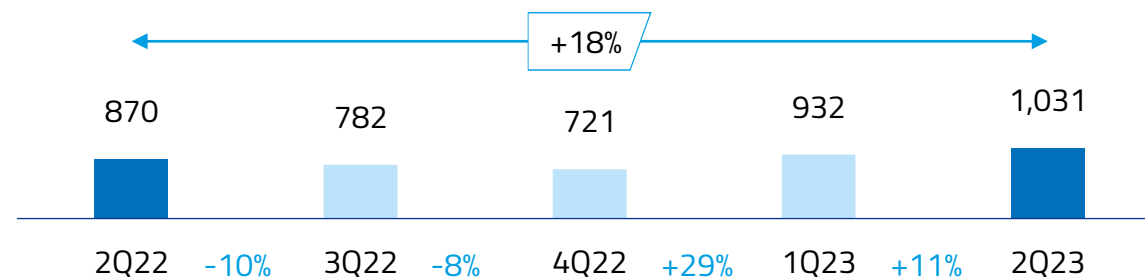
Cash Conversion Cycle Trends¹

(Days outstanding)



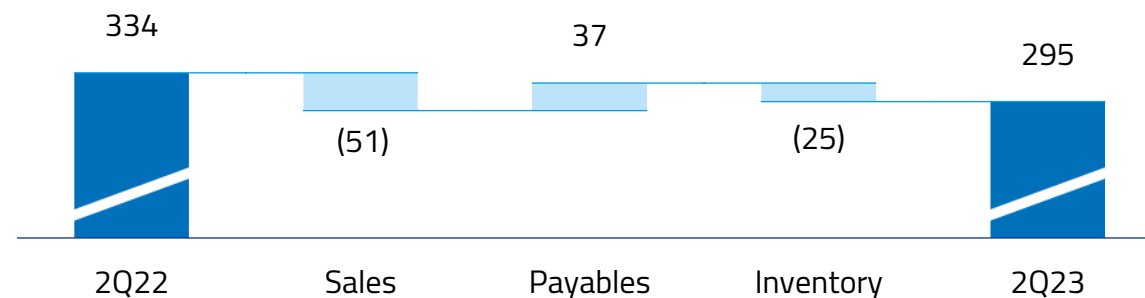
Net Debt

(SAR mn)



Cash Conversion Cycle Dynamics¹

(Days outstanding)



Source: Company financials

¹ Trailing for the previous 12 months

Cash Flow Trends

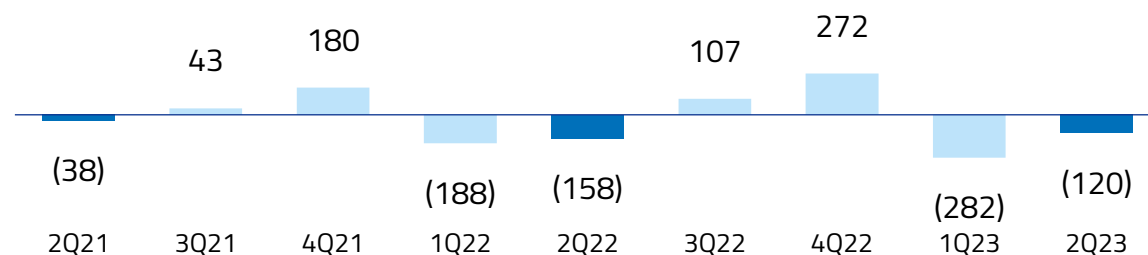
Cash position dynamics influenced by working capital development

Cash Flow Highlights

SAR mn	1H2023	1H2022	Δ%
Profit before zakat	91	(5)	NA
Net cash, operating activities	(215)	(321)	-33%
Net cash, investing activities	(81)	479	NA
Net cash, financing activities	144	148	-2%
Net changes in cash	(152)	306	NA

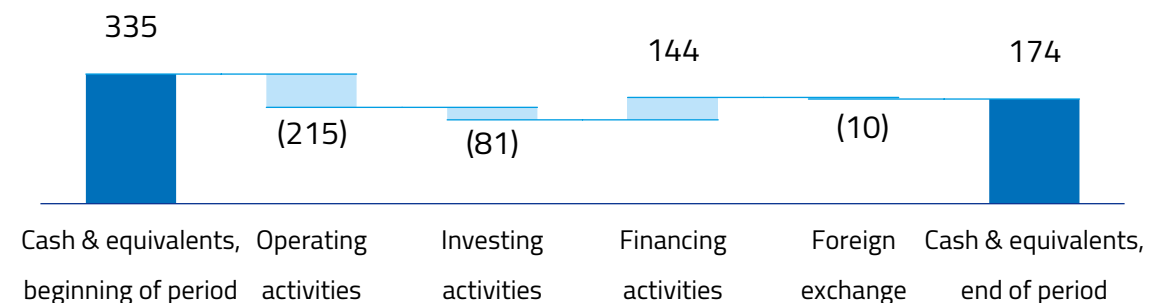
Working Capital Seasonal Development Quarterly

(SAR mn)



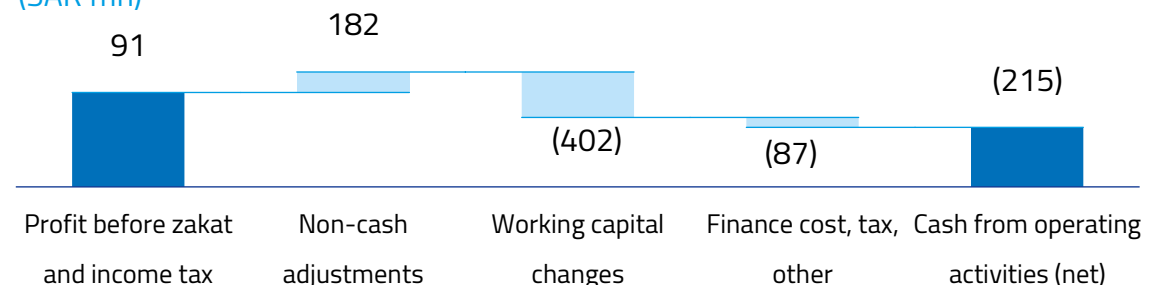
Cash Flow Dynamics (1H23)

(SAR mn)



Net Cash From Operating Activities Dynamics (1H23)

(SAR mn)



Source: Company financials

¹ Trailing for the previous 12 months

Revenue Guidance Revised Up to 20% Annual Growth, Better Margins

The transformation started paying off in 1H 2023 with an overall improvement in sales mix and financial indicators

Expected Developments in 2023

Indicator	FY22	1H23	FY23 Expectations (vs FY22)	Guidance update
Revenue	1,426 SAR mn (-2% YoY)	941 SAR mn (+34% YoY)	Increase by 19-21% (previously: 12-14%)	↑ Revised up
Gross Profit Margin	39.7%	46.8%	Increase enabled by portfolio shift and cost optimization	➡ Unchanged
Selling & Marketing Cost Ratio¹	26.2%	19.1%	Decline driven by top-line growth (previously: stable)	↓ Revised down
General & Administrative Cost Ratio¹	18.6%	12.8%	Decline driven by top-line growth	➡ Unchanged
Research & Development Cost Ratio¹	3.0%	2.5%	Increase to 3.3%	➡ Unchanged
EBITDA Margin	-2.5%	15.5%	Improvement to 10-11% (previously: 9-10%)	↑ Revised up
EPS	(1.38)	0.64	Gradual improvement	➡ Unchanged
Net Debt / EBITDA	NA	15.5x	Increase due to additional leverage in case of concluding an acquisition.	➡ Unchanged



Source: Company estimates

¹ As a percentage of revenue

Q&A Session



Appendix

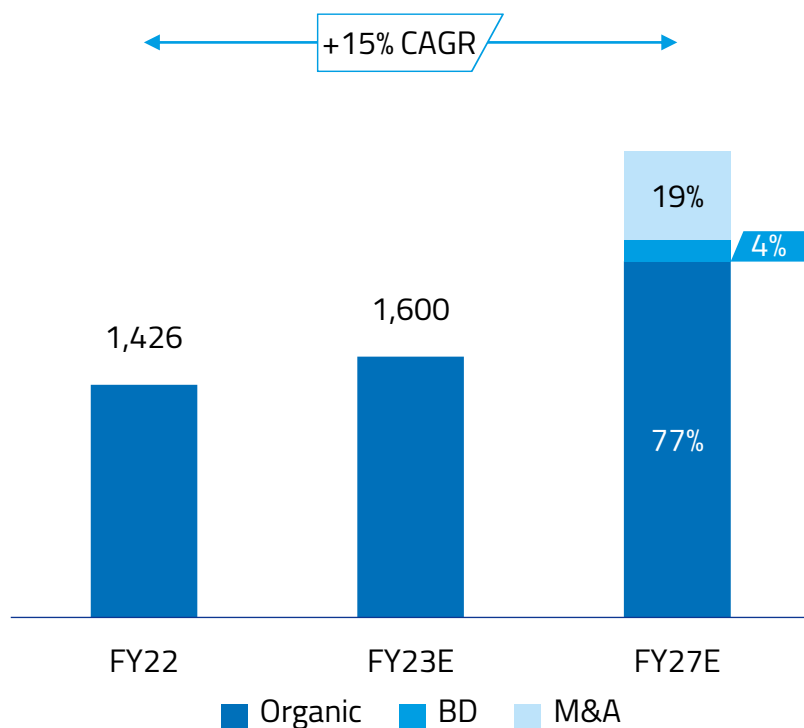


Expected Financial Developments Towards 2027

The revamped strategy execution has a direct impact on financial results improvement in the long-term

SPIMACO Revenue Trajectory

(SAR mn)



Expected Developments Towards 2027

Gross Margin	↗	Gradual increase enabled by portfolio shift and cost optimization
Selling & Marketing cost ratio	↘	Moderate decline driven by optimization and offset by more active marketing efforts
General & Administrative cost ratio	↘	Decline driven by top line growth and efficiency gains in backbone processes
Research & Development cost ratio	↗	Gradual increase to expand and diversify the pipeline
EBITDA Margin	↗	Gradual increase to reflect the positive portfolio adjustment, cost efficiencies, & accretive M&A effect targeting a range of 15-17%
EPS	↗	Gradual increase
Net Debt / EBITDA	➡	Increase in medium-term due to rising leverage with subsequent decline as EBITDA generation increases

Capital Allocation Priorities

Capital allocation prioritized towards growth and expansion to leverage existing and create new opportunities

Strategic Capital Allocation Priorities

1. Corporate Development

Accelerate business expansion to grow above the market level and to secure the National Champion position

2. Science Upgrade

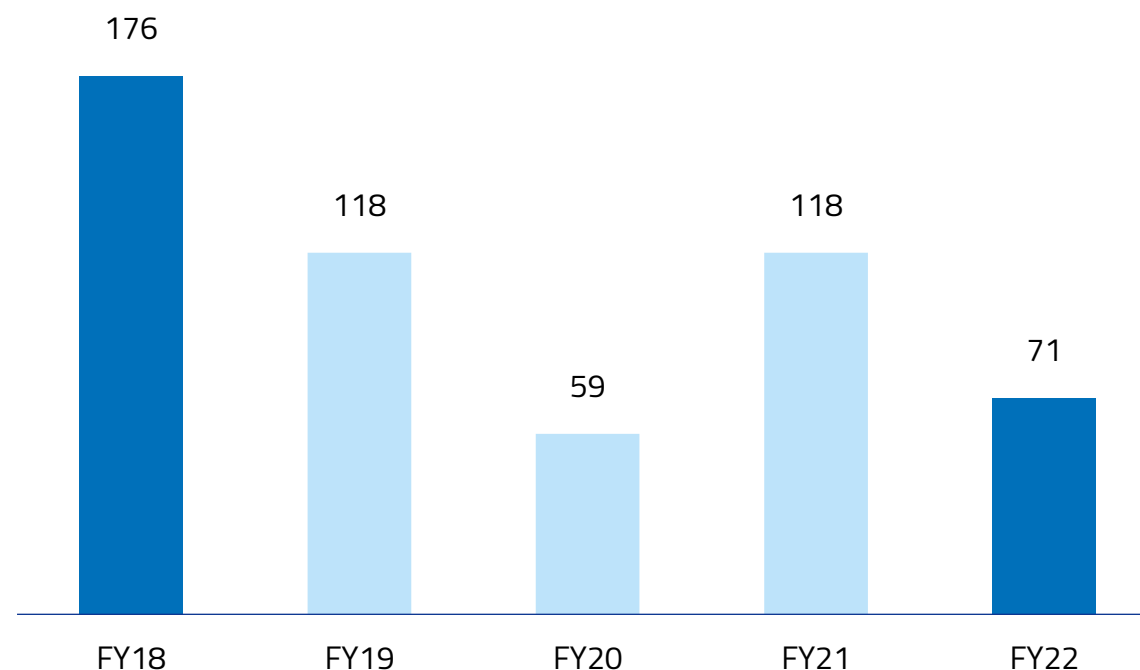
Build in-house R&D capabilities for new products with differentiated technologies

3. Value Chain Improvement

Improve SPIMACO's capabilities across the value chain to deliver the future high-value portfolio

Dividends Paid to Shareholders

(SAR mn)

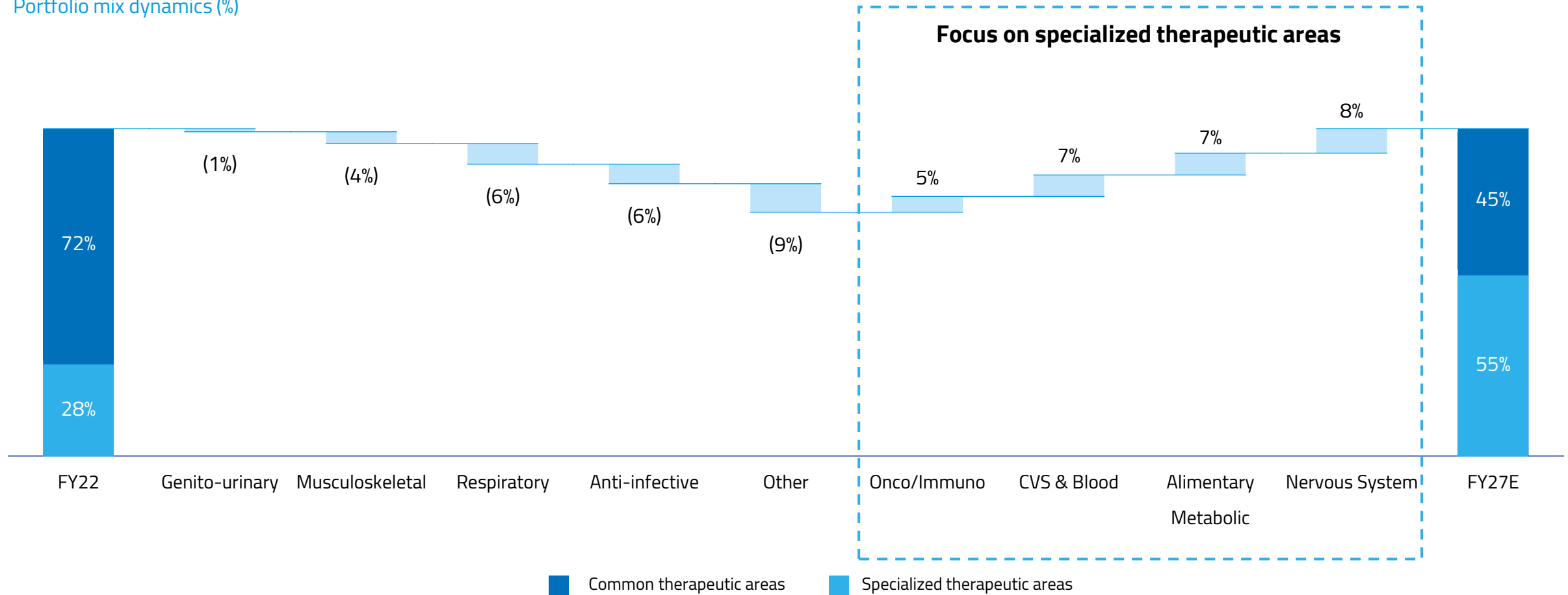


Processes - Focus on Speed and Value Creation

Future portfolio to be transformed and diversified towards specialized therapeutic areas

SPIMACO Formulation Mix Transformation

Portfolio mix dynamics (%)



Source: Company estimates

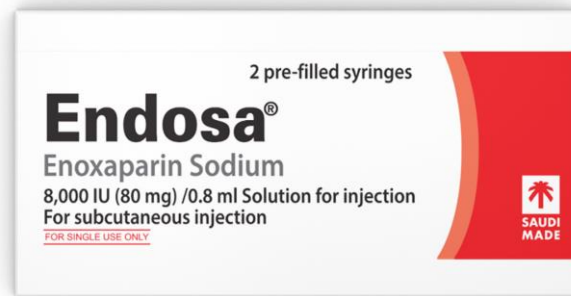
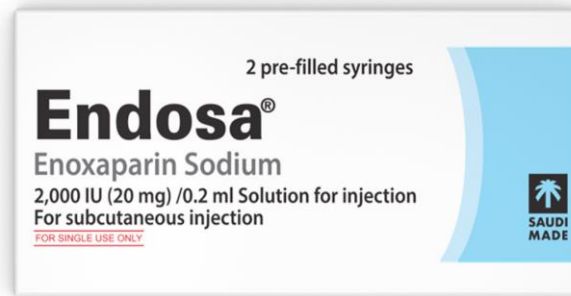


Innovation: Endosa (Enoxaparin Sodium)

First Biosimilar manufactured in Saudi-Arabia: Official Launch expected in 3Q 2023

About Endosa

Enoxaparin Sodium is **a life saving**, low molecular weight heparin to replace heparin in emergency and critical clinical settings.



Market

- ◆ **Fractioned Heparin market size** (annual¹): SAR ~230 million, 6.4 million units
- ◆ **Competitive landscape**: high concentration, 5 competing products²
- ◆ **Innovator product sales** (annual³): SAR 214 million
- ◆ The market is expected to **grow at 5% CAGR** over the next five years

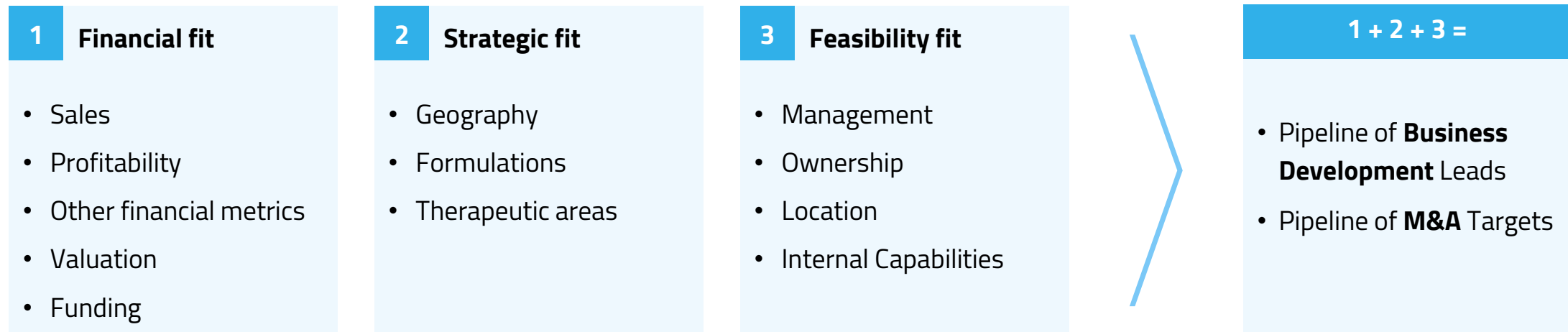
Key Facts

- ◆ SPIMACO's first biosimilar, approved by the European Medical Agency and SFDA, showcases its innovation and technical expertise.
- ◆ Full tech transfer, including prefilled syringe technology.
- ◆ Highlights Company's innovation, technical, and regulatory affairs capabilities, advancing our localization goals.
- ◆ Work towards registration for export markets is underway.

Inorganic Opportunities Allow to Achieve Above-market Growth

SPIMACO follows a comprehensive M&A and BD framework to ensure quality and feasibility of the deals

M&A and Business Development Framework



Contacts and Additional Information

Institutional investor contact

Ghida Obeid
Head of Investor Relations
ghida.obeid@spimaco.sa

Presentations and press releases

August 2023 – 2Q23 Financial Results

- [2Q23 Earnings presentation](#)
- [2Q23 Earnings release](#)

May 2023 – 1Q23 Financial Results

- [1Q23 Earnings presentation](#)
- [1Q23 Earnings release](#)

March 2023 – FY22 Financial Results

- [FY22 Earnings presentation](#)
- [FY22 Earnings release](#)

February 2023 – Capital Markets Event

- [Capital Markets Event presentation](#)
- [Capital Markets Event press release](#)



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